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Meeting of Guatemalan Group
Friday, July 2, 1954

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Present: Holland, Dreier, Atwood, Holcomb, Woodward, Herron, Wieland, Burrows, Pawley, Pearson, Col. Clark, Jamison, Sanders.

1. Castillo-Monzon Agreement.

Holland read a CIA message indicating the terms of the agreement. He also noted that since Cruz and Oliva are Castillo men Castillo has control.

2. Recognition.

(a) Woodward was to call Peurifoy to get a statement from the Junta that the new government would honor its international obligations and that it had control of the entire country. He was also to tell the Junta that we plan to recognize the new government next Tuesday, July 6, after consulting the other Latin American governments.

(b) Woodward was to get out a circular instruction asking our embassies to consult with the respective governments on the recognition of the new government and saying that we plan to recognize next Tuesday.

(c) Burrows left the meeting to call Cohn to urge Senator Wiley to make a statement indicating satisfaction with the new government and the hope that it will soon be recognized.

(d) Later in the meeting it was suggested that Burrows call Congressman Jackson to obtain a similar statement from Chiperfield.

3. Burrows was to see that medical supplies were sent to Guatemala by FOA or the Army.

4. Dreier was to suggest that the OAS pass a resolution that member states offer help to the new government.

5. Leddy was to get a message to Peurifoy to suggest that the new government issue a general statement favoring social reforms and stating that foreign interests must conform strictly with national laws and have no favored position.

6. Pawley has an appointment with Redmond on Thursday to discuss the entire UFCO problem. Before this meeting he was to read Fishburn's memorandum on UFCO labor relations in Latin America. Pawley questioned the desirability of Justice proceeding with its antitrust suit, but Holland stated that we would not interpose any objection.

7. Woodward was to call Lutz to urge his company to negotiate with respect to the wharves at San José and Champerico.

8. Woodward was to send a message to Peurifoy summarizing a number of economic proposals

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proposals in order to get his views. These proposals include further action on the Inter-American Highway, thewharves of the Grace Company and the various steps in connection with UFCO.

9. Fishburn was to send a message to Peurifoy to ask when the time was propitious for Romualdi to come down.

10. Colonel Clark was to arrange for a message from Defense to the military missions in Guatemala to ask them, with the agreement of Peurifoy, to consult with the new government regarding the renewal of the military mission contracts, the training of Guatemalan officers in the U.S., military equipment and other similar matters. (Message later went out from ARA.)

11. Herron was to prepare a statement for the use of the Secretary at his next press conference in answer to a possible question as to what our attitude is now toward the UFCO claim.

12. Holland did not believe that a military assistance agreement would be a problem with the new government for the next six months.

13. Holland did not believe the renewal of Guatemalan membership in ODECA was urgent.

14. Jamison was to get a message to Peurifoy asking him to urge the Junta to make a statement that the new government intended as soon as possible to ratify the Rio Treaty and the OAS Charter.

15. Woodward was to ask Cale to have Treasury and the Monetary Fund look into the status of the Guatemalan currency in order to see if any immediate help was necessary.

16. Pawley (or Burrows) was to discuss with Defense the sending of a Flag Officer to Guatemala to help on problems of military reorganization and to examine the Iron Curtain arms.

17. Leddy was to get a message to Peurifoy to get his views on our proposal to have FOA send two or three good men as a "technical aid survey mission" which would work with the FOA men already in Guatemala and the new government. It would look into measures which might be taken with respect to land reform and other forms of technical assistance.

18. Re-education of Guatemalans.

(a) Fishburn suggested we arrange to have labor leaders come to the U.S.

(b) Wieland noted that the USIA has already worked out a large program for re-education which he thought might last three or four years.

(c) Herron was to consider the possibility of having one of the U.S. press associations bring up Guatemalan journalists.

(d) Herron

18. (d) Herron was to prepare a memorandum to the Secretary asking him to call Hughes, Director of the Budget Bureau, to urge immediate transmission of the IES supplemental appropriation to the Congress.

19. Holland thought it essential that Wieland stay in Washington for a while to work on the problem of offsetting the bad press which the U.S. has received in Latin America since the start of the revolution. He wished Wieland to consider his plans and see him later about this.

20. Holland noted that CIA has already sent two men down to help the new government ferret out Communists. He did not believe there was time for Guatemalan police to come up here for FBI training.

21. Leddy was to get a message to Peurifoy asking him to be sure that the Junta takes all possible action to obtain Communist records.

22. Woodward was to send out a circular instruction suggesting that the Embassies take steps without attribution to see that the various Latin American legislatures pass anti-Communist resolutions and congratulatory resolutions for the new Guatemalan Government.

23. Leddy was to obtain from CIA their estimates as to the possible effects of the Guatemalan revolution toward creating further outbursts in Latin America—for example, in Honduras or in further attempts to assassinate Somoza.

24. Pearson was to call Burgin in order to get UNA started on a history of the Guatemalan episode starting with the Caracas Conference. This history would be useful as a reference document, as a source for a brief public statement, and as a basis for a report to the UN.

25. The group agreed that the brief prepared for the Rio Conference should be made available to friendly governments on a worldwide basis. Jamison and Sanders were to prepare a foreward to cover the statement indicating that the statement was directed solely to the Arbenz Government and has no reference to the new government. With this wide distribution it was agreed that the document should be released by us to the public. (Holland was absent for this decision and Jamison was to check it with him.) Leddy was to send a message to Peurifoy requesting his views on our plans to distribute the brief.

26. Herron reported that the Wireless Bulletin was now being sent to Villauer and to all of our other embassies in Latin America so that their news coverage should now be adequate.

27. Leddy was to request CIA to be sure to obtain any documents possible from the Guatemalan Government which would reveal additional data on the ALFHM arms.

28. Leddy was to send a message to Peurifoy asking him to take up with the new government the suggestion of the Junta's issuing a history of recent events.

29. Leddy reported that he has been in touch with the new Guatemalan Chargé

in an effort

in an effort to uncover the Communist records of the local embassy. Preliminary examination shows that Chocano covered his tracks very carefully.

30. Herron was to ask the USIA to get out a circular instruction to our embassies to obtain their views on the most effective measures for repairing public opinion in the respective countries.

31. I[illegible] was to prepare a memorandum for Holland on desirable staff increases for the [illegible]bassy in Guatemala.

ARA:HPearson:rdr

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Meeting of Guatemalan Group
Thursday, July 1, 1954

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Present: Holland, Pawley, Leddy, Atwood, Hill, Col. Clark, Herron, Wieland, Sanders, Woodward, Jamison, Burrows, Pearson

Castillo-Monzon Negotiations

Holland reported that he had learned by phone from McDermott that the talks had broken down at 4 a.m. and that the two men were preparing to leave Salvador. Holland asked McDermott to try to persuade them to stay until Peurifoy could arrive, and a later phone call during the meeting revealed that he had been successful. During the meeting Holland tried unsuccessfully to reach Peurifoy by phone in order to convey our views as to what he might do. The group discussed at some length the relative merits of Castillo and Monzon as chiefs of state for Guatemala but came to no definite conclusion.

All [illegible] concurred

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